

# *The Borden Company*

AND ALL SUBSIDIARY COMPANIES

## FOURTH ANNUAL REPORT

*For the fiscal year ended December 31, 1922*

March 1923 · THE BORDEN COMPANY · New York

BOARDS

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AND ALL SUBSIDIARY COMPANIES



FOURTH ANNUAL REPORT  
FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 1922



*March 1923*  
THE BORDEN COMPANY  
*New York*





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# THE BORDEN COMPANY

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## DIRECTORS

LEWIS M. BORDEN

ARTHUR W. MILBURN

SHEPARD RARESHIDE

ALBERT T. JOHNSTON

GEORGE L. NICHOLS

HENRY C. SHERMAN

ALBERT G. MILBANK

ROBERT STRUTHERS, JR.

## OFFICERS

ALBERT G. MILBANK, *Chairman Board of Directors*

ARTHUR W. MILBURN, *President*

ALBERT T. JOHNSTON, *Vice-President*

SHEPARD RARESHIDE, *Vice-President and Treasurer*

CHARLES C. LOBECK, *Vice-President*

WALLACE D. STRACK, *Vice-President*

WILLIAM P. MARSH, *Secretary and Assistant Treasurer*

GEORGE M. WAUGH, JR., *Controller and Assistant Secretary*

STEPHEN J. DEBAUN, *Assistant Treasurer*

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## GENERAL OFFICES

### THE BORDEN COMPANY

350 Madison Avenue, New York City

180 St. Paul Street West, Montreal, Canada

### BORDEN'S FARM PRODUCTS COMPANY, Inc.

110 Hudson Street, New York City

120 Murray Street, Montreal, Canada

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*Transfer Agent*, SEABOARD NATIONAL BANK, 115 Broadway, New York City

*Registrar*, BANKERS TRUST COMPANY, 16 Wall Street, New York City

*Counsel*, MASTEN & NICHOLS, 49 Wall Street, New York City

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## CORPORATE ORGANIZATION AND SCOPE

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THE business of your Company may be divided into two parts:

[1] The manufacture and sale of milk products comprising:

CONDENSED MILK	CONDENSED COFFEE AND MILK
EVAPORATED MILK	CONDENSED COCOA AND MILK
DRIED MILK	MILK CHOCOLATES
MALTED MILK	CARAMELS

[2] The purchase, preparation and distribution of fresh milk, cream, and other dairy products by a system of wagon deliveries.

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THE manufacturing operations are conducted by The Borden Company (which dates back to 1857 in the production of Eagle Brand Condensed Milk), and its following manufacturing subsidiaries:

<i>Corporate Name</i>	<i>Percentage of Stock Owned</i>
THE BORDEN SALES CO., INC. . . . .	100%
BORDEN'S PREMIUM CO., INC. . . . .	100%
THE BORDEN COMPANY OF CALIFORNIA . . . . .	100%
THE BORDEN COMPANY OF UTAH . . . . .	100%
THE BORDEN COMPANY, LTD. (CANADA) . . . . .	100%
BORDEN REALTY CORPORATION . . . . .	100%

THE fresh milk and dairy products distribution in the so-called Metropolitan District of New York City and adjacent territory, in Chicago, Ill., and its suburbs, and in Montreal, Canada, is conducted by subsidiaries as follows:

<i>Corporate Name</i>	<i>Percentage of Stock Owned</i>
BORDEN'S FARM PRODUCTS CO., INC. . . . .	100%
BORDEN'S FARM PRODUCTS CO. OF ILL. . . . .	100%
BORDEN'S FARM PRODUCTS CO., LTD. (CANADA) . . . . .	100%
BORDEN'S WEST STOCKBRIDGE CORP. . . . .	100%



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## GENERAL REMARKS

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THE year 1922 was one of progress and accomplishment for your Company, both as to its financial and its trade position. While all departments of the business experienced increased volume of sales over 1921, the value of sales was less than in the previous year, due entirely to lower selling prices of its products.

The year's results were still somewhat unfavorably influenced by post-war conditions as affecting particular products, but much less so than in any year since the close of the war.

There were no outstanding bank loans on December 31, 1922, for the first time since July, 1917. On December 31, 1921, outstanding loans amounted to \$4,434,719.18, and during the period from 1917 to date the peak of loans was \$17,750,000. These have now been liquidated and the needs of the business provided for without resort to permanent financing of any nature.

The balance of Purchase Money Notes amounting to \$200,000.00 was paid during the year, as was also \$16,000. installment on account of mortgages assumed in connection with the purchase of certain properties by Borden's Farm Products Company, Incorporated. The balance of this item still outstanding is \$134,700.

There was retired at par during the year the entire issue of Borden's Farm Products Company, Inc., 7% First Preferred Stock amounting to \$417,700.00.

The net increased investment in Property, Plant and Equipment represents the completion by The Borden Realty Corporation of the Madison Avenue office building and in addition general betterment and new equipment expenditures, of which there is in most years necessarily a considerable amount.

The mortgages on the Madison Avenue, New York City office building as recorded under Property, Plant and Equipment were given by The Borden Realty Corporation as the owner of the building and as referred to in more detail in previous reports.

Extensions have been paid for from earnings for years past, the amount of earnings over dividends paid having more than equalled additions to Property, Plant and Equipment account including the equity in the Madison Avenue property.

Analysis of the financial statements appended reveals that the Net Income for the year of \$5,173,749.05 amounts to 5.62% on sales of \$92,058,759.83.

The Net Income applicable to the Common Stock after charges of every nature, including depreciation and all taxes and after Preferred dividends, is equivalent to \$21.94 per share of Common Stock outstanding.

The average Net Income applicable to the Common Stock for a period of the last five years is \$15.35 per share and for a period of ten years \$14.80 per share.

The Net Income, after charges of every nature, is for 1922 equivalent to \$68.51 per share of Preferred Stock outstanding.

The average Net Income for a period of the last five years is equivalent to \$49.72 per share of Preferred Stock outstanding, and for a period of ten years is equivalent to \$48.10 per share.

The year closed with the stock records showing a total of 1,524 holders of Preferred Stock and 3,748 holders of Common Stock, or a grand total of 5,272 holding both classes with an average holding of  $54\frac{1}{2}$  shares. The Employees hold an aggregate of 17,548 shares of the Company's stock.

Current Assets as of December 31, 1922, amounted to \$2.53 for every \$1.00 of Current Liabilities, which compares with a ratio of \$1.86 for every \$1.00 of Current liabilities as of December 31, 1921.

Inventories have been reduced during the year, amounting on December 31, 1922, to \$7,787,070.23 as compared with \$9,613,767.99 on December 31, 1921.

Net Working Capital amounted on December 31, 1922, to \$10,697,440.99 as compared with \$8,504,499.01 on December 31, 1921.

Collections continued good and credit losses were small.

In our purchases, advantage was taken of all cash discounts.

The Borden Building at 350 Madison Avenue, New York, was completed in the early part of the year and of the total office space therein 97% is satisfactorily rented. While there is every reason to expect even more satisfactory results from the future operation of this building, the results now obtaining prove the excellence of the investment and make a very cheap rental for the space occupied by the Company; in fact, only slightly higher than the cost to it of the space previously occupied in its building at Hudson and Franklin Streets, New York, with the difference, however, that its present building is situated in the very choicest of locations and where property values and space demand are in the ascendancy.

The outlook for 1923 is at this time very promising as applying to domestic business. Export business continues to be of comparatively small volume with many uncertainties still existing. There is every justification at this time for expecting a year of satisfactory accomplishment.



As referred to in the report of last year, there was created in 1922 as the result of joint consideration by employees and management of the Farm Products Company an employees' representation plan that gives opportunity to the employees for self-expression and a voice as to conclusions reached in all matters of vital importance to them and, as well, an employees' mutual benefit association, which latter ministers to the needs attendant upon illness and death, both of which organizations have functioned splendidly. The spirit and the support of the employees in these matters have been of high order and contributed much to mutual benefit.

There has prevailed throughout the entire organization a continuance of intelligent interest, co-operation and loyalty of high degree and it is a source of great pleasure and satisfaction to here make acknowledgment and express appreciation of these most vital and necessary contributions to sustained success.

Respectfully submitted,

ARTHUR W. MILBURN,

*President.*

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THE BORDEN COMPANY *and all* SUBSIDIARY COMPANIES

*Consolidated General Balance Sheet, December 31, 1922*

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ASSETS

Property, Plant, and Equipment, including Madison

Ave. Office Building . . . . .	\$28,219,261.24	
LESS: Mortgages on Madison Ave. Office Building	1,700,000.00	
	<u>                    </u>	\$26,519,261.24

CURRENT ASSETS:

Cash . . . . .	\$4,605,662.66	
Receivables . . . . .	4,539,531.15	
Marketable Securities . . . . .	775,533.99	
Finished Goods . . . . .	2,831,737.59	
Raw Materials, Supplies, etc. . . . .	4,955,332.64	
	<u>                    </u>	17,707,798.03
Investment in Capital Stock of Other Companies . . . . .		6,513,511.00
Deferred and Suspended Assets . . . . .		155,287.06
Trade Marks, Patents, and Good Will . . . . .		5,942,876.36
		<u>                    </u>
TOTAL ASSETS . . . . .		\$56,838,733.69

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TOTAL \$56,838,733.69

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THE BORDEN COMPANY *and all* SUBSIDIARY COMPANIES

*Consolidated General Balance Sheet, December 31, 1922*

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LIABILITIES

Mortgages. . . . . \$134,700.00

CURRENT LIABILITIES:

Notes Payable—Bank Loans . . . . . None

Accounts Payable . . . . . \$4,995,942.00

Accrued Accounts, Taxes (estimated), etc. . . . . 2,014,415.04

7,010,357.04

Deferred and Suspended Liabilities . . . . . 192,258.28

TOTAL LIABILITIES TO OTHER THAN STOCKHOLDERS . . . \$7,337,315.32

CAPITAL STOCK:

The Borden Co., 6% Preferred \$7,500,000.00

The Borden Co., Common. . . . . 21,368,100.00

\$28,868,100.00

RESERVES:

Depreciation. . . . . \$6,224,551.43

Insurance, Contingencies, etc.. . . . . 6,591,234.88

12,815,786.31

SURPLUS . . . . . 7,817,532.06

TOTAL CAPITAL STOCK, RESERVES, AND SURPLUS . . . \$49,501,418.37

TOTAL \$56,838,733.69



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THE BORDEN COMPANY *and all* SUBSIDIARY COMPANIES

*Statement of Consolidated Income and Profit and Loss*

*for the Year Ended December 31, 1922*

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GROSS SALES . . . . . \$92,058,759.83

NET OPERATING PROFIT:

(After deducting all operating charges, including Deprecia-  
tion, Insurance, and Property Taxes) . . . . .

\$5,676,973.36

OTHER INCOME—Interest Received, Net . . . . . 132,619.54

GROSS INCOME . . . . . \$5,809,592.90

OTHER DEDUCTIONS—Income and Profits Taxes (estimated) . . 635,843.85

NET INCOME . . . . . \$5,173,749.05

SURPLUS, January 1, 1922 . . . . . 5,720,873.89

TOTAL \$10,894,622.94

LESS:

DIVIDENDS:

The Borden Company, Preferred 6% . . . \$450,000.00

The Borden Company, Common 8% . . . 1,709,440.00

Borden's Farm Products Company, Inc.,

First Preferred 7% . . . 35,330.42

Total Dividends \$2,194,770.42

Appropriations for Reserves—Net . . . 730,871.79

Loss on Property and Securities Sold . . . 151,448.67

3,077,090.88

SURPLUS, December 31, 1922 . . . . . \$7,817,532.06

ATLANTA  
BALTIMORE  
BOSTON  
BUFFALO  
CHICAGO  
CINCINNATI  
CLEVELAND  
DALLAS  
DENVER  
DETROIT  
KANSAS CITY  
LOS ANGELES  
MINNEAPOLIS  
NEWARK  
NEW ORLEANS

## HASKINS & SELLS

CERTIFIED PUBLIC ACCOUNTANTS

37 WEST 39TH STREET

NEW YORK

NEW YORK  
PHILADELPHIA  
PITTSBURGH  
PORTLAND  
SAINT LOUIS  
SALT LAKE CITY  
SAN FRANCISCO  
SEATTLE  
TULSA  
WATERTOWN  
—  
HAVANA  
LONDON  
PARIS  
SHANGHAI

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### THE BORDEN COMPANY *and all* SUBSIDIARY COMPANIES

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#### CERTIFICATE OF AUDIT

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WE have audited the books and accounts of The Borden Company and its Subsidiary Companies for the year ended December 31, 1922.

We have verified the accounts representing cash and securities either by examination of such assets or by obtaining certifications of depositaries.

The charges to property accounts have been controlled by a conservative policy. Adequate reserves have been provided for depreciation of property and for possible losses, and full provision has been made for all known liabilities.

The inventories of finished goods and raw materials and supplies represent book balances as shown by the inventory records, which are adjusted from time to time to agree with physical inventories, and which were examined and appear to be correct, all inventory valuations being based upon cost or market, whichever was lower.

WE HEREBY CERTIFY that, in our opinion, the accompanying Consolidated General Balance Sheet and Statement of Consolidated Income and Profit and Loss correctly exhibit, respectively, the financial condition of the Companies at December 31, 1922, and the results of their operations for the year ended that date.

HASKINS & SELLS

*New York, February 28, 1923*

*The JOHN C. POWERS CO., Inc. • Printers • NEW YORK*





*Borden's*